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COMMITTEE ON NATURAL RESOURCES  
February 24, 2006  
Confirmation Hearing

The Committee on Natural Resources met at 1:30 p.m. on Friday, February 24, 2006, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing regarding Gubernatorial Appointments. Senators present: Ed Schrock, Chairperson; Elaine Stuhr, Vice Chairperson; Carol Hudkins; Bob Kremer; LeRoy Louden; Adrian Smith. Senators absent: Gail Kopplin; Vickie McDonald.

SENATOR SCHROCK: Okay, good afternoon. I'll be brief on the introductions here because we don't have a, the crowd isn't overwhelming us. First of all, if you have a cell phone or something, turn it off or don't answer it. I'll introduce the members of the committee. To my far right is Senator LeRoy Louden from Ellsworth. Senator Kopplin should be arriving. Senator Hudkins from Malcolm. Senator Kopplin is from Gretna. Jody Gittins, committee counsel. Did I introduce myself?

JODY GITTINS: No.

SENATOR KREMER: Who are you?

SENATOR SCHROCK: I'm Ed Schrock from Holdrege. Elaine Stuhr from Bradshaw, vice chair of the committee. Senator Kremer from Aurora. And Senator Smith from way out west around Gering somewhere, Scottsbluff Monument, Chimney Rock, whatever else.

SENATOR SMITH: Not far enough to lower taxes.

SENATOR SCHROCK: And on the far end is Barb Koehlmoos, committee clerk. Green sign-in sheet, if...

EUGENE BADE: Already did that.

SENATOR SCHROCK: Already did that, so we're in good shape. We have a page here if you need a glass of water. Marcus is a sophomore at UNL and he's majoring in elementary ed.

CONFIRMATION HEARING ON  
EUGENE BADE TO THE



Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Natural Resources  
February 24, 2006  
Page 2

NEBRASKA POWER REVIEW BOARD

And with that, we will open the hearing on Eugene Bade to the Power Review Board. And I understand this is a reappointment. If you'd come forward and you've been on the board, tell us a little bit about your experience and why you'd like to continue to serve. Spell your name first for the record and...

EUGENE BADE: (Exhibit 1) Eugene B. Bade, B-a-d-e.

SENATOR SCHROCK: I pronounced that wrong then.

EUGENE BADE: That's fine, everybody does. I'm from Hastings, have been on the board for two years. I filled out the term of someone who left, Rick, and I don't remember Rick's last name.

TIM TEXEL: Morehouse.

EUGENE BADE: Morehouse. And this year I've been elected chairman of the board. I find that, quite frankly, I think it takes two years to figure out what you're doing on the board to a certain extent. My background is, I grew up in Omaha. I attended Creighton University where I graduated from back in '69, long time ago, with an accounting degree and I'm the accounting representative on the board. I got involved in it a couple of years ago, as I think I told you, at that point in time simply because over the years, I've been involved in a lot of community and church activities. And as I mature, another word for aging, I found that there were fewer things to do, like Cub Master and Little League baseball and things like that that I had family involved in. And this is what something, when I found out about it, that interested me. I work with a company called KN Energy, now Kinder Morgan, for about 15 years in various capacities so I thought I knew something about regulation and a little bit about what would happen in the electrical side. As I said, I learned a lot in the last two years. I've attended two of the national conventions and attended some of the specific classes they have during those conventions and picked up a lot of knowledge. I've had the opportunity to visit, I think now, four power plants so I can see the guts of how they work from gas to coal. I've also visited a couple wind sites during this period of time. That's another resource



Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Natural Resources  
February 24, 2006  
Page 3

for us in the future. Maybe not quite as reliable as the others but a very economic wind source, electric generation process for the future. And in general, I've enjoyed what I do. As I say, I continue to learn. I'm here asking to be reappointed for another four years and believe that, with what I've learned in the last two years and with my background in accounting and in the regulated industry, I can bring a perspective to the board that's helpful in that area. You may well know that the board is constituted of an engineer, an accountant, and a lawyer, and then two at-large individuals. As I said, I represent the accounting side. By profession, I'm the controller of a public accounting firm out in Grand Island, Nebraska, is where I office. We actually have offices in Scottsbluff, Hastings, Grand Island, Lexington, and Kearney. So I know a lot of that part of the state. I was lucky enough while I worked for KN to visit a few electrical generation facilities including the plant out, the Gentleman Plant out by the Shelton area out there. What else would I answer for you? That's sort of my background and what I've done. We've had an interesting couple years while I've been on the committee with some wind generation coming before us, some biomass generation and things like that. As I said, I've learned a lot more than I maybe really anticipated because I did not know of some of those sources; was well aware of cold methane gas and natural gas and that from my KN experience. But some of the other potential sources I wasn't very aware of.

SENATOR SCHROCK: I thank you, Eugene. Are there questions?  
Senator Stuhr.

SENATOR STUHR: Yes, thank you for your willingness to serve. I am looking at your application here. And it might be a good idea to update it. I see it was '02. We like to have current applications if at all possible.

EUGENE BADE: Will do.

SENATOR STUHR: Not that it might change a lot, but it's just...

EUGENE BADE: That's fine, it's pretty static, but that's fine.



Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Natural Resources  
February 24, 2006  
Page 4

SENATOR STUHR: ...you know, but it might be a good...I see you live in Lochland. Do you happen to know former Senator Bohlke, Ardyce?

EUGENE BADE: Well, about four houses down, would you? (Laugh)

SENATOR STUHR: Oh, okay, all right.

EUGENE BADE: Yes, we serve on a couple committees of our homeowners association together.

SENATOR STUHR: Okay, great. What do you see as some upcoming challenges as a member, as chairman of the board?

EUGENE BADE: Well, one of the things I guess I would point out, I experienced something last Saturday. I was out in Denver for the christening of my young grandson. And they had a rolling blackout. Basically, they had a gas supplier that lost or failed to supply to one of their gas turbines. And therefore, they had a rolling blackout across the community and there were stoplights that were out and everything else. I think one of the things, the challenges for states like that is ensuring they don't have those. I think one of the challenges for Nebraska is ensuring that we never have to worry about it. And we have projects basically on the drawing board or already approved at this point in time, including the expansion of the Whelen Plant out in the Hastings area, that will help us ensure that to the future. Now there are issues coming up with at least one of the nuclear plants in the next several years for recertification and things like that. And those are some of the challenges we'll face along with ensuring that we've got the infrastructure. By that, I mean the transmission systems to meet the growth areas as are necessary within the state.

SENATOR STUHR: Okay, thank you.

SENATOR SCHROCK: Other questions? Senator Louden.

SENATOR LOUDEN: Yes, Eugene, I see you're familiar with Kansas, Nebraska, and that's been a while back. As on the Power Review Board, I guess I've always heard about it, but do you have anything to do with setting rates or anything



Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Natural Resources  
February 24, 2006  
Page 5

like that?

EUGENE BADE: No, we do not.

SENATOR LOUDEN: Now do you, but do you have, I guess, when it comes to construction of transmission lines and that sort of thing, do you review those and give permission or who has authority over that on where and when and how much transmission lines are going to be constructed?

EUGENE BADE: Well, as I understand it, and I may ask Tim to make sure I'm actually speaking correctly, as long as it is generally facilities within the service area of the particular utility, it is their responsibility and they can do it without our overall approval. But when it crosses jurisdictions, if you will, or is multijurisdictional, then it has to come to us for approval. And in recent days or recent, the last year at least, we were involved in the review of the corridor for the power lines that will bring the electricity from the new Nebraska City plant into the Lincoln area within the next five to six years. And so we do oversee that and look at the feasibility, look at the costs involved in it, try to ensure that we have the right type of public involvement in the locating of those types of facilities is built into their plans so that is done effectively, both from the cost standpoint and from the public standpoint.

SENATOR LOUDEN: That's what I was coming to. What's your opinion, then, when you're building a transmission line out across the countryside? Do you go just on the straight line or do you try and go around so some of these agricultural fields won't be cut up with transmission lines or with towers and that sort of thing? Do you feel that the towers should be placed where they won't be obstructing agriculture-type deal or do you think towers should have first choice on where they're put up?

EUGENE BADE: Well number one, we don't choose the site or the line of sight, if you will, for the lines. That is chosen by the people who are going to construct them. They bring the project to us for approval of the major project itself. As I said, using the example from the Nebraska City facility, they came in and asked for a corridor. And then they, as we understood it, with public hearings, went in and



Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Natural Resources  
February 24, 2006  
Page 6

did studies to determine what line or what areas' potentially right-of-way that was already existing could be used that would limit the exposure to, as you say, disturbing any type of farm or pasture land or anything like that. But we don't specifically look at the corridor. We're approving the project from a standpoint of, if you will, the good of the overall citizens of the state of Nebraska.

SENATOR LOUDEN: Okay, then...but you do have authority to disapprove or you can vote a corridor up or down, right? If you feel that isn't the right place, you can disapprove the corridor where...

EUGENE BADE: We could. We primarily are looking more at the economics and the needs for the future which, basically, those types of projects are focused on than we are specifically on land involved in it.

SENATOR LOUDEN: Okay, thank you.

SENATOR SCHROCK: Senator Smith.

SENATOR SMITH: What's your position on net metering?

EUGENE BADE: My individual position on net metering. Well, again, we don't deal with either the measurement or the rate making. And net metering, as such, is not a item that I have done a lot of individual study on. So for me to say I have a particular position at this point in time would probably be inappropriate simply because I don't feel that I'm that knowledgeable in it.

SENATOR SMITH: Okay, thank you.

SENATOR SCHROCK: Other questions? You heard the story about the rancher that went out to feed his cows and only one showed up. He dumped the whole load of hay. It seems like we're dumping a whole load of hay here today for one appointee. (Laughter)

EUGENE BADE: That's okay.

SENATOR SCHROCK: You appear to be very knowledgeable and so, beings we've got a little time, I'll just...I don't even



Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Natural Resources  
February 24, 2006  
Page 7

remember the legislation. But we did have in place that projects that were to be approved had to be the lowest-cost projects. I'm looking at counsel here.

JODY GITTINS: That was the requirement.

SENATOR SCHROCK: That was the requirement. But now we may have made some provisions for renewable energy.

JODY GITTINS: Yes.

SENATOR SCHROCK: And I've been up to the wind farm up there around Ainsworth a couple of times. Apparently, you have, too.

EUGENE BADE: Been up in that area but I've actually seen them in other states, too. You may be familiar with the ones in Iowa.

SENATOR SCHROCK: Oh, yeah.

EUGENE BADE: There are some in California, I happened to be on vacation out there and visited one. I was lucky enough last winter to be able to travel to Hawaii and saw a wind farm in Hawaii also.

SENATOR SCHROCK: Well, I'm not an expert on wind generation, but anything that you've observed that you'd like to share with us?

EUGENE BADE: As I said before, I think the plus is the cost. There is no fuel cost. If you will, if there was a negative, the negative is the reliability. We are dependent on Mother Nature for the source of energy at that point in time. And it does not necessarily coincide with peak needs in our state or any other state, for that matter. But it is a source that's been proven to be very beneficial, particular in Europe. And right now, the state of Texas is looking at potentially putting a wind farm off Galveston Island to generate electricity for that area of the southern part of the state of Texas. They've got big projects going as do many of the states. So it's been shown to be a viable source. It's not, like I said, a source that necessarily meets our peak needs. But it can allow for those periods of time during which other generating capacity is under repair,



Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Natural Resources  
February 24, 2006  
Page 8

maintenance, and things like that very effectively.

SENATOR SCHROCK: Okay. Senator Hudkins, shall I ask him what he thinks about the reservoir project across the interstate here that would but Senator Raikes' land under water and would maybe...

SENATOR HUDKINS: Sure, go ahead.

SENATOR SCHROCK: ...put a hydro plant...no, I'm not going to do that. (Laughter) Thank you. Does anybody else have any...Senator Kremer.

SENATOR KREMER: It seems like a lot more energy has been derived from electricity as we see fuel prices going up. Do you see plenty of generation power available as electric source in the future, how long? I know in our, agriculture, just tremendous change over to electricity from natural gas and because of the cost.

EUGENE BADE: Well, basically there's an annual study, both capacity and demand done that is made available to us so that we can work with or at least understand why the electrical generating facilities that are on the drawing board are being brought to us. We review that each year to see where the capacity stands versus demand. At this point in time, again, with a few potential hitches associated with nuclear and that and the recertification of plants there and that, it looks promising for the future in the state of Nebraska.

SENATOR KREMER: Okay, thanks.

SENATOR SCHROCK: Any other questions? I assume in the last two years you've gained an appreciation for public power that you may not have had before you were appointed to the board. Would that be a fair statement?

EUGENE BADE: Absolutely. My only involvement with it before was when I worked with KN and selling natural gas to, like the Gentleman Plant for their flame stabilization. And that's a whole lot different from the interworkings of not only the equipment, but the grid and everything else that I've learned to appreciate a lot more over the last two years.



Transcript Prepared by the Clerk of the Legislature  
Transcriber's Office

Committee on Natural Resources  
February 24, 2006  
Page 9

SENATOR SCHROCK: Any other questions? Thanks, Eugene. We appreciate you being with us. It was a great interview.

EUGENE BADE: Thank you very much.

SENATOR SCHROCK: Is there anybody who would testify as a proponent for this appointment? Any opponent testimony? Any neutral testimony? If not, that will close the hearing on Eugene Bade.

EUGENE BADE: Yes, thank you.



Chairperson



Committee Clerk